

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM  
MEETING OF THE BOARD OF DIRECTORS  
February 18, 2015**

**MINUTES**

**Present:**

Treasurer Young Boozer, Chair  
Dr. Greg Fitch  
Ms. Maria Campbell  
Mr. Mark Green for Dr. David Bronner  
Mr. Robert Bradley  
Ms. Jane Leatherwood for Dr. Mark Heinrich  
Dr. William Meehan  
Mr. Mark Sullivan  
Mr. Bill Newton

**Absent:**

Mr. Sandy Hammer  
Gen. Paul Hankins  
Ms. Patti Lambert  
Sen. Trip Pittman  
Rep. Bill Poole  
Mr. Jimmy Stubbs

**Others present include:**

Ms. Daria Story, Assistant Treasurer  
Ms. Glenda Allred, Deputy Treasurer  
Ms. Anita Kelley, Program Director  
Mr. Steve Roth, Dahab Associates  
Ms. Diane Steinhilber, Jackson-Thornton

**Agenda Item 1.**

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the Board Room of the RSA Headquarters on February 18, 2015. The meeting was called to order by Chair Young Boozer at 1:00 p.m.

**Agenda Item 2.**

Roll was taken with a quorum present.

**Agenda Item 3.**

Chair Boozer called for the election of a Vice Chairman as required by the Bylaws. A motion was made by Mr. Newton, seconded by Dr. Fitch for the nomination of General Hankins. With no further nominations, General Hankins was unanimously elected Vice Chairman.

**Agenda Item 4.**

Chair Boozer presented the minutes of the November 19, 2014 board meeting. A motion for approval of the minutes as presented was made by Mr. Newton, seconded by Dr. Fitch, with unanimous approval.

**Agenda Item 5.A.**

Chair Boozer asked Ms. Anita Kelley for a program report. Ms. Kelley provided information on program activities, cancellations, plan assets, and the budget for fiscal year 2015. She stated that there are currently 28,847 active accounts, 18,290 eligible beneficiaries and \$879,755,549 in benefits have been paid to date. Ms. Kelley discussed that all PACT payments are being processed in house as of 2/18/15 which will save the program approximately \$6,600.00 per year. She stated that all 1099Q's were mailed on 1/26/15.

**Agenda Item 5.B.**

Chair Boozer asked Mr. Steve Roth to provide the quarterly investment report. Mr. Roth provided commentary on the economy for the fourth quarter. He also provided a summary of investment performance, asset allocation and quarter end balances.

**Agenda Item 5.C.**

Chair Boozer provided information on the quarterly actuarial report. Chair Boozer stated that the funded ratio is now 114% which is a 1% increase from September 2014. He stated that program assets as of December 31, 2014 were approximately \$155.2 million. Chair Boozer provided a summary of the projected cash flow and indicated that fiscal year 2019 is showing in the positive by \$4.4 million.

**Agenda Item 6.A.**

Chair Boozer called on Diane Steinhilber with Jackson-Thornton to present the annual audit report for the 2014 fiscal year. Ms. Steinhilber provided a summary of the independent auditor's report that included the management's responsibility for the financial statements and the auditor's responsibilities as well as their unqualified opinion. She discussed the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. Ms. Steinhilber stated that there were no noted deficiencies in internal controls that are considered to be material weaknesses. She also stated that no instances of non-compliance or other matters that are required to be reported were found. A motion to accept the annual audit as presented was made by Mr. Newton, seconded by Dr. Meehan, with unanimous approval.

**Agenda Item 7.A.**

Chair Boozer discussed the new section of IRS code 529A known as ABLE (Achieving a Better Life Experience) that was effective January 1, 2015. He stated that it is a savings account for individuals who have disabilities before the age of 26. Chair Boozer discussed that ABLE accounts would have the same tax advantages on qualified withdrawals as 529 accounts and that ABLE withdrawals could be made for various qualified expenses. He advised that ABLE accounts must be administered by a state sponsored organization and state legislation is required for the state to offer ABLE accounts. It is expected that legislation will be introduced during the session, and these accounts may be administered by the CollegeCounts 529 Board.

**Agenda Item 7.B.**

Chair Boozer reminded the Board to complete a Statement of Economic Interest by 4/30/2015.

**Agenda Item 7.C.**

Chair Boozer discussed the completion of Ethics Training that is a requirement for all Board members. A link to the training website was provided.

**Agenda Item 8.**

Chair Boozer stated that a fiscal year Annual Report must be submitted to the Governor each year within the first five legislative session days. The report has been completed and will be presented within the required time.

There being no further business to be discussed, a motion for adjournment was made by Dr. Meehan, seconded by Mr. Bradley, with unanimous approval. The meeting adjourned at 1:45 p.m.

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Anita Kelley, Recording Secretary

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Young Boozer, Chair